

# **EXHIBIT 3**

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# What's Clearing by Robinhood?

*We've cut more fees and made Robinhood faster and more reliable by rebuilding our systems from the ground up.*

## What's Clearing by Robinhood?

Clearing by Robinhood brings two exciting changes to the way we support customers like you:

- A new brokerage firm that exists solely to support our customers' investing
- A new engineering system that powers the new brokerage

## How does Clearing by Robinhood change my Robinhood experience?

Clearing by Robinhood will allow us to help our customers more easily and efficiently, and there are three changes you'll notice right away:

- We're reducing or cutting seven fees that our former clearing broker charged
- We're approving applications 24/7
- We're bringing our award-winning design to everything from account statements to trade confirmations

## Isn't Robinhood already a brokerage?

Yes! But, there are two types of brokerage firms: introducing brokers and clearing brokers. These two types of brokers have very different regulatory oversight requirements.

Before, Robinhood was only an introducing broker, which means that we used a clearing brokerage for "back office" support, like settling the trades you placed on Robinhood. Using a clearing broker is the industry norm when a company like Robinhood wants to let its users place trades. In fact, the top five clearing firms cleared 1,310 introducing firms in 2016.

Now, Robinhood is also a clearing broker, which means we have complete control over giving you the best experience out there!

## What does a clearing firm do?

Clearing firms have three main tasks:

- **Clearing:** This is how brokerages make sure that the price and number of shares you expect to give or receive when you place a trade matches the price and number of shares the other person expects to give or receive. Most of this is automated, but every once in a while the numbers don't quite match, and a human from each clearing firm will step in to iron out the details. This all happens behind the scenes, so you don't have to worry about it.
- **Settlement:** Once the trade is cleared, and both the buyer and seller agree on which assets need to exchange hands, the clearing firm oversees the transaction and makes sure each side fulfills their obligation. Again, all of this happens without you having to think about it because the clearing firm acts on your behalf.
- **Custody:** Once cash or shares settle from a trade, someone has to look after them and keep extremely detailed records of where the assets go. Clearing firms have specific oversight from our regulators that enable us to do this. There are safeguards that make sure the record of your assets exists no matter what. We've got your back.

## Do I have to use Clearing by Robinhood?

If you want to stay a Robinhood customer, you'll have to use Clearing by Robinhood. If you're not interested in using Clearing by Robinhood, you can [transfer your assets](#) to another brokerage.

We'd be sad to see you go, but hope you've enjoyed being a part of our journey to democratize the financial system.

Still have questions? [Contact Robinhood Support](#)

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